



San Diego City Attorney **MICHAEL J. AGUIRRE**

NEWS RELEASE

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Contact: Maria Velasquez, Communications Director (619) 235-5725 (pager) mvelasquez@sandiego.gov

CITY ATTORNEY ISSUES INITIAL LEGAL ANALYSIS OF MAYOR'S REMEDIATION PLAN FOR FISCAL REFORM

Urges more review of certain elements

San Diego, CA – San Diego City Attorney Michael Aguirre today released a report to the Mayor and San Diego City Council outlining his initial legal analysis regarding the Mayor's remediation plan for fiscal reform. The Mayor's plan, based on the Kroll Report, was released on Aug. 24, 2006. A special City Council meeting to consider the Mayor's plan has been set for Wednesday, Sept. 6 at 1 p.m.

Several of the proposals contained in the Mayor's plan cannot be implemented without changes to the City Charter, which require a vote of the electorate. The legal impacts are delineated in the City Attorney's report titled, "Remediation Measures Requiring Changes to the City Charter and Related Matters." The report recommends that the City Council receive the Mayor's plan on Sept. 6, but only proceed with implementation after all legal requirements are met and the plan is in compliance with anticipated Securities and Exchange Commission (SEC) remediation measures.

"I support 85 percent of the Mayor's plan, but it is necessary to take the appropriate legal steps to implement those elements which require Charter amendments," said Aguirre.

In need of remediation are the City's financial management practices that have led to the \$1.4 billion employee pension debt -- the result of agreements between the San Diego City Council and the San Diego City Employees' Retirement System (SDCERS) Board in 1996 and 2002. The SEC has not completed its investigation into the financial management and bond disclosure practices of City officials.

The City Attorney's Report specifically addressed the issues of:

1. Changes to the composition of the San Diego City Employees Retirement System (SDCERS) Board of Administration;
2. Changes to the Office of the City Auditor and Comptroller;
3. Creation of an "Audit Committee;"
4. Appointment of a "Monitor;" and
5. Changes to the jurisdiction of the Office of the City Attorney to eliminate that Office as Attorney for the Retirement System. (MORE)

Recent City Attorney media releases can be accessed on the San Diego City Attorney's home page located on the Internet at <http://www.sandiegocityattorney.org>

1200 Third Avenue, Suite 1620, San Diego, California 92101-4188 (619) 236-6220

The Kroll Report was released to the public on Aug. 8, 2006, at a cost of \$20.3 million and contained 54 remediation measures which have been adopted by the Mayor.

For a copy of the City Attorney's legal analysis, visit the City Attorney's website at www.sandiegocityattorney.org and click "Significant Reports & Legal Documents."

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